

Idaho Public Utilities Commission

Case No. PAC-E-13-02

May 3, 2013

Contact: Gene Fadness (208) 334-0339, 890-2712

Website: www.puc.idaho.gov

Workshop set for PacifiCorp depreciation update

Staff from the Idaho Public Utilities Commission will conduct a public workshop Thursday, May 9, regarding Rocky Mountain Power's (PacifiCorp) application to increase its depreciation rate by 0.7 percent.

The updated depreciation rate, if approved, would not become effective until Jan. 1, 2014.

The workshop will begin at 10 a.m. in the commission hearing room at 472 W. Washington St. in Boise. Intervenors in the case include the commission staff, Monsanto Company and the PacifiCorp Idaho Industrial Customers.

The current depreciation rate is 2.54 percent. After completing a depreciation study, the company proposes to increase the rate to 3.24 percent. About two-thirds of that is attributable to the early retirement and estimated removal cost of the 172-megawatt Carbon coal plant near Helper, Utah. Another factor is capital additions to the company's steam generation facilities.

In dollar amounts, the proposed increase for the Idaho jurisdiction is \$8.8 million. In all of PacifiCorp's six states, the total proposed increase is \$160.8 million.

Depreciation is a system of accounting that spreads the cost or value of a company's tangible assets (less salvage) over their useful life. Electric utilities are capital intensive, requiring major investments in generation, transmission and distribution plant to provide electric service. If depreciation rates are set at an unreasonably high or low level, the utility does not recover its operating expenses, shifting either the costs or the benefits from current customers to future customers.

At the workshop, interested parties will have an opportunity to discuss a possible settlement.

###